

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AID-05 AF-08 ARA-10 EA-09 NEA-10

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R 220925Z APR 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8370

INFO USMISSION USUN NEW YORK

UNCLAS SECTION 1 OF 2 VIENNA 3219

E.O. 11652: N/A

TAGS: UNIDO, PFOR, OCON, EIND, EAID, ECIN

SUBJECT: UNIDO PERMANENT COMMITTEE SEVENTH SESSION, DELEGATION
REPORT NO. 6, AGENDA ITEM 5(A)

REF: (A) VIENNA 2980, (B) VIENNA 3017

1. SUMMARY: ALL-STAR CAST OF SIX PRINCIPAL SECRETARIAT
OFFICIALS CONSUMED BULK OF APRIL 12 PLENARY REPLYING
TO LONG-SERIES OF QUESTIONS ON 1975 ANNUAL REPORT OF
THE EXECUTIVE DIRECTOR WHICH HAD BEEN RAISED BY DELEGATIONS
DURING APRIL 9 CONSIDERATION OF AGENDA ITEM 5(A). CUBAN
VICE-CHAIRMAN SAT BRIEFING IN CHAIR BUT WAS NOT
ADDRESSED BY ANY DELEGATIONS. CHAIRMAN ANNOUNCED THAT
CREDENTIALS COMMITTEE HAD EXAMINED CREDENTIALS OF
DELEGATIONS AND HAD FOUND THEM ALL IN ORDER. HE ALSO
ANNOUNCED THAT FIRST MEETING OF DRAFTING GROUP TO CONSIDER
TEXT OF RESOLUTION ON TRANSFER OF TECHNOLOGY WOULD OCCUR
APRIL 13. FINALLY, DELEGATIONS OF INDIA, DENMARK, AND
NIGERIA OPENED THE DEBATE ON AGENDA ITEM 6, EVALUATION,
WHICH SECRETARIAT HAD INTRODUCED ON APRIL 7. END SUMMARY.

2. EXECUTIVE DIRECTOR LED OFF SECRETARIAT REPLIES
ANSWERING USSR AND US QUERIES ABOUT PREDICTED DECREASE
IN 1976 UNIDO TECHNICAL ASSISTANCE LEVELS. HE QUOTED
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UNDP FORECASTS OF 1976 EXPENDITURE LEVEL 20 PERCENT BELOW

1975 AND 1977 EXPENDITURE LEVEL 5 PERCENT BELOW 1976. HE NEITHER COMMENTED ON USSR REMARKS ABOUT WESTERN CURRENCY FLUCTUATIONS NOR BROUGHT UP UNIDO PROBLEMS CAUSED BY USSR NON-CONVERTIBLE CURRENCY CONTRIBUTIONS TO UNIDO GENERAL TRUST FUND. AS USUAL EXECUTIVE DIRECTOR, EVEN AFTER TWO DAYS FOR PREPARATION, WAS UNABLE OR DISINTERESTED IN PROVIDING ANY INFORMATION ABOUT MANAGEMENT ASPECTS OF UNIDO IN ANSWER TO US REQUEST FOR ESTIMATE OF EFFECT OR REORGANIZATION ON TECHNICAL ASSISTANCE IMPLEMENTATION RATE.

3. CHIEF OF PROGRAM DEVELOPMENT AND COORDINATION SECTION (SIDDIQUI-PAKISTAN) REPLIED TO DELEGATION QUERIES ADDRESSED TO WORK OF POLICY COORDINATION DIVISION. DIRECTOR OF POLICY COORDINATION DIVISION (NAPOLIELLO-USA) HAD BEEN REPRESENTING EXEC. DIR IN ADVISORY COMMITTEE ON COORDINATION IN GENEVA PREVIOUS WEEK DURING PERMANENT COMMITTEE'S RELEVANT DEBATE WHEN QUESTIONS HAD BEEN RAISED BY DELEGATIONS. IN REPLY TO INDIAN QUESTION WHETHER AMOUNTS UNSPENT BY END OF FIRST UNDP COUNTRY PROGRAMMING CYCLE, 1972-76, COULD BE CARRIED OVER TO 1977-81 CYCLE (REFTEL B, PARA 4), SIDDIQUI GAVE A QUALIFIED "YES" BASED ON HIS UNDERSTANDING OF DECISIONS OF THE LATEST UNDP GOVERNING COUNCIL. HE EMPHASIZED THAT EXECUTING AGENCIES HAVE NO "FAIR SHARE" OF PROJECTS BUT RATHER THAT EACH RECIPIENT GOVERNMENT DECIDES ITS OWN PRIORITIES AND DESIRED MIX OF PROJECTS WITHIN ITS OVERALL INDICATIVE PLANNING FIGURE (IPF). HE ADDED THAT SEPARATE INDIVIDUAL COUNTRY DECISIONS, NOT UNIDO PLANNING OR ADVICE, HAD RESULTED IN THE CONCENTRATION OF UNIDO OPERATIONAL ACTIVITIES IN RELATIVELY FEW COUNTRIES WHICH US DEL HAD NOTED (REFTEL B, PARA 7). FINALLY, SIDDIQUI SAID THAT AN ANALYTICAL TABLE SHOWING TOTAL VALUES OF ALL UNIDO ACTIVITIES IN EACH COUNTRY WITH BREAKDOWN BY FUNDING SOURCES COULD BE ADDED TO 1976 ANNUAL REPORT AS REQUESTED BY GREEK AND OTHER DELS (REFTEL A, PARA 17); HE WENT ON TO NOTE THAT A MORE COMPLETE REPORT ON

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ALL PROJECTS, PREPARED AS A LENGTHY SEPARATE DOCUMENT IN PREVIOUS YEARS, HAD BEEN CONSIDERED AN UNWISE USE OF SCARCE RESOURCES BY SOME GOVERNMENTS.

4. DIRECTOR OF ADMINISTRATIVE SERVICES DIVISION (RISHOLM-SWEDEN) REPLIED TO CONCERNS OF US, UK, FRANCE AND PHILIPPINE DELS OVER REPORTED USE OF REGULAR BUDGET RESOURCES TO COVER OVERHEAD COSTS OF OPERATIONAL

ACTIVITIES WHILE AT THE SAME TIME ACCUMULATING A
SURPLUS IN THE ACCOUNT OF OVERHEAD FUNDS REIMBURSED
TO UNIDO BY UNDP. HE EXPLAINED ALONG LINES OF P156
OF EXEC DIRECTOR'S 1975 ANNUAL REPORT THAT BOOKS HAD
BEEN CLOSED ON THE OVERHEAD ACCOUNT PRIOR TO COMMUNICATION
TO UNIDO IN EARLY 1976 OF UNDP DECISION TO RETROACTIVELY
INCREASE PERCENTAGE REIMBURSEMENT FROM 13 PERCENT
TO 14 PERCENT AND TO CALCULATE OVERHEAD BY
ACTUAL COSTS INSTEAD OF STANDARD COSTS. HE FURTHER
NOTED THAT ALTHOUGH UNIDO OVERHEAD COSTS HAD DECREASED
SLIGHTLY FROM 1974 TO 1975 BECAUSE OF ECONOMIES
OF SCALE BASED ON EXECUTING MORE PROJECTS, THAT UNIDO
WILL CONTINUE TO FACE PERENNIAL PROBLEM OF SMALL
PROJECTS WHICH FAIL TO "EARN" FULL AMOUNT OF OVERHEAD.
HE CONCLUDED THAT TEMPORARY SURPLUS IN OVERHEAD
ACCOUNT MIGHT BE USED TO REDUCE OVERHEAD BORNE BY
REGULAR BUDGET OR ALTERNATIVELY TO SUPPLEMENT AID
TO LEAST DEVELOPED COUNTRIES. HE EXPLAINED ANOMALY
NOTED BY THE SWEDISH DEL THAT MANNING TABLE PROVIDED
MORE POSTS THAN WERE BUDGETED FOR TO TAKE ACCOUNT OF
TURNOVER. HE ALSO NOTED THAT BEFORE ACCOUNTS ARE
FINALLY CLOSED, UNFILLED POSTS ARE PROVISIONALLY CHARGED

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ACTION IO-13

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TO SECSTATE WASHDC 8371

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AGAINST REGULAR BUDGET. (DEPUTY DIRECTOR OF OPERATIONS
DIVISION (DOBOS - HUNGARY) SPEAKING TO DELEGATION
MEMBERS PRIVATELY CONTRASTED UNIDO BUDGETARY CONTROLS

WHICH CONCENTRATE ON EXPENDITURES IN CONTRAST WITH UNDP CONTROLS WHICH FOCUS ON AUTHORIZATIONS.)

5. RISHOLM SAID ALTHOUGH GEOGRAPHIC DISTRIBUTION REQUIREMENT DOES NOT APPLY, THAT NECESSARY DATA ARE READILY AVAILABLE TO SATISFY SWISS REQUEST FOR TABLE SHOWING NATIONALITIES OF ALL D.C. AND LDC EXPERTS.

6. DIRECTOR OF INTERNATIONAL CENTER OF INDUSTRIAL STUDIES (AFIFI - EGYPT) REPORTED THAT FEASIBILITY STUDY ON INDUSTRIAL TECHNOLOGY INFORMATION BANK HAD BEGUN WITH RECENT MEETING OF EIGHT CONSULTANTS IN VIENNA (U.S. EXPERT IS DR. TED SCHLIE FROM DENVER RESEARCH INSTITUTE) WHO WILL GATHER DATA AND REASSEMBLE IN VIENNA IN EARLY JUNE TO PREPARE REPORT FOR SUBMISSION THROUGH ECOSOC TO 31ST UNGA.

7. DIRECTOR OF INDUSTRIAL OPERATIONS DIVISION (VELIKY - USSR) REPLIED TO SERIES OF DETAILED QUESTIONS ABOUT INDIVIDUAL PROJECTS IN IRAQ, YUGOSLAVIA, COLOMBIA, EGYPT, AND BRAZIL, AND CLARIFIED UNIDO PROGRAM GUIDELINES IN SMALL-SCALE INDUSTRIES IN REPLY TO QUERIES UNCLASSIFIED

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BY FRANCE AND SWEDEN.

8. DIRECTOR OF INVESTMENT COOPERATIVE PROGRAM OFFICE WITHIN INDUSTRIAL OPERATIONS DIVISION (BECKER-BOOST - FRG) SAID WORLD BANK WAS SETTING UP AN OFFICE IN BRUSSELS SIMILAR TO THE ONE HE HEADED IN VIENNA AND EXPRESSED WILLINGNESS TO DO THE SAME ELSEWHERE IN WESTERN EUROPE OR JAPAN OR THE U.S. OR IN COMECON COUNTRIES.

9. PHILIPPINE DEL (SIAZON) RENEWED DIALOGUE ON FINANCING OF TECHNICAL ASSISTANCE BEGAN WITH THE EXECUTIVE DIRECTOR ON APRIL 8 (REFTEL A, PARA 11). SIAZON SUGGESTED THAT NEW GUIDELINES FOR GENERAL TRUST FUND WERE OVERDUE SINCE PRESENT GUIDELINES FOUND IN ID/B/C.43, ANNEX 7 PREDATED BOTH AD HOC COMMITTEE ON LONG-RANGE STRATEGY AND SECOND GENERAL CONFERENCE IN LIMA ADDING THAT HE WOULD NOT AS LDC REP BE ADVERSE TO USE OF ASSESSED CONTRIBUTIONS FOR OPERATIONAL ACTIVITIES SO LONG AS IDB APPROVED THE GUIDELINES WHICH WOULD CONTROL SECRETARIAT ACTIONS. EXEC. DIRECTOR KHANE AND SIDDIQUI REPLIED IN SIMILARLY DETAILED TERMS INCLUDING EXEC. DIRECTOR'S AGREEMENT THAT NEW GUIDELINES FOR GENERAL TRUST FUND WERE OVERDUE AND THAT HE WOULD ATTEMPT TO PRESENT SUCH GUIDELINES AT TIME OF IDB-X WHICH WOULD TAKE ACCOUNT OF LIMA

DECLARATION BY GIVING EXEC. DIR. MORE FLEXIBILITY
TO DIRECT FUNDS TO LEAST DEVELOPED COUNTRIES.

10 DEBATE ON AGENDA ITEM 5(A) CLOSED WITH
STATEMENT BY REP OF INDUSTRIAL DEVELOPMENT CENTER
OF ARAB STATES (IDCAS) PLEDGING TO CONTINUE
AND EXPAND JOINT RESEARCH ALREADY BEGUN WITH UNIDO
INTERNATIONAL CENTER FOR INDUSTRIAL STUDIES IN FIELD
OF WORLD SUPPLY AND DEMAND. STIBRAVY

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